Assessment of functioning of public and private sector banks

4019. SHRI S. ANBALAGAN: Will the Minister of FINANCE be pleased to state:

(a) whether the Central Government has made any assessment of the functioning of both the public sector and private sector banks in the country recently;

(b) if so, the details thereof and the deposits mobilied by them alongwith the percentage of increase/decrease thereof;

(c) whether it is also fact that work culture and professionalism in private banks has resulted in far more efficiency and profits in them than the public sector banks; and

(d) if so, the steps proposed to be taken thereon including strict code of conduct, work culture and professionalism for the employees of public sector banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) As part of the supervisory process, Reserve Bank of India conducts financial inspection of all the commercial banks in India, both in the public and private sector banks, once a year. This inspection includes the assessment of among other things, capital adequacy, asset quality management, earning appraisal, liquidity and systems & control of a bank. Apart from the regular Annual Financial Inspection, special scrutinizes are carried out in branches or Head Offices of the banks, whenever considered necessary. The details of the deposits mobilized by public sector & private sector banks at the end of March 2004, 2005 and 2006, alongwith growth in percentage are given below:—

(Rs. in crores)

	March 2004	March 2005	March 2006*
Public Sector Banks	11,90,114	13,77,166	15,64,479
		(15.71%)	(13.60%)
Private Sector Banks	2,67,185	3,22,921	4,17,687
		(20.86%)	(29.34%)

*provisional unaudited data

(c) Though, no quantitative assessment of work culture etc. is attempted by RBI, Public Sector Banks have earned post tax profits of Rs. 16,238 crore as against Rs. 4,920 crore reported by the private sector banks in 2005-06. Further, the efficiency ratio of the public sector banks has imporved and was marginally better than that of the new private sector banks for the year 2005-06.

(d) To facilitate quick and efficient decision making and to be able to compete globally, Government of India announced a Managerial Autonomy package for the public sector banks on 22.02.2005. Further, the Boards of public sector banks have been allowed to delegate increased sanctioning powers to the CMDs/EDs.

Appointment of auditors in Banks

4020. SHRI C. PERUMAL: Will the the Minister of FINANCE be pleased to state:

(a) whether Public Sector Banks have been allowed to appoint auditors directly instead of routing through Reserve Bank of India;

(b) whether auditors have expressed their apprehensions against this; and

(c) if so, what action has been taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No, Sir.

(b) and (c) Do not arise.

Outsourcing for rationalising operational costs by Banks

4021. SHRI SANJAY RAUT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that several Nationalised Banks are increasingly using outsourcing for rationalising operational costs by avoiding wasteful expenditure;

(b) if so, the details thereof;

(c) whether Government have issued any guidelines or direction to all Nationalised Banks for managing risks arising from such outsourcing activities in the country effectively; and